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SUBJECT: TUWAITHA JULY 30 AND 31 MEETINGS

Classified By: ECONOMIC MINISTER CHARLES P. RIES FOR REASONS 1.4 (b) AND (d)

11. (S). SUMMARY. On July 30, Energy Attache and Econ Officer met with Ambassador Srood R. Najib, chairman of the Prime Minister's Tuwaitha Nuclear Research Complex (TNRC) committee regarding progress toward the sale of approximately 550 tons of natural uranium (yellow cake) located at the complex. Part of the discussion also involved the disposition of large quantities of uranium-contaminated ammonium nitrate. On July 31, Energy Attache and Econ Officer met with Ambassador Najib and the full committee on issues related to the removal and transportation of the yellow cake. The committee has contacted several embassies of countries known to have commercial nuclear reactors and anticipates face-to-face meetings this week and next in an effort to identify a buyer before the end of August. The Ministry of Science and Technology has prepared a draft letter requesting the assistance of the USG for review and approval by Minister of Foreign Affairs, but according to Amb. Najib, the letter is not correct and needs to be changed. There is some evidence of behind-the-scenes issues with the USG assistance letter.

12. (S). On July 30, Energy Attache and Econoff met with Amb. Srood R. Najib, chairman of the Prime Minister's TNRC issues committee. Amb. reported that he had spoken with the French ambassador to Iraq about the prospects of selling the yellow cake. During the July 31 committee meeting, Amb. Najib stated that members of the committee had spoken with representatives of Edlow International and intended to meet with Edlow and a French "partner" in Paris as soon as possible. Amb. Najib expressed hope that the necessary Schengen visas would be available by August 5. Amb. Najib also reported that he had scheduled a meeting with the South Korean ambassador in the afternoon of July 31. (Note: The British First Secretary for Economic and Energy Affairs in Baghdad met with Amb. Najib on August 1. End Note.)

13. (S). Amb. Najib reported successful efforts in contacting German and Australian representatives, and that meetings will be held with them this week. He has unsuccessfully attempted to contact Canadian representatives, and will attempt to contact representatives from South Africa and Japan. He also stated his intent to contact representatives of the Peoples Republic of China. Amb. Najib, however, asked the USG to identify any "objectionable" countries. He stated on several occasions during the two meetings his desire to identify a buyer by the "first or

second" week in August. Amb. Najib expressed his intent to meet all interested parties in Vienna. (Note: Amb. Najib stated that from August 15 to August 20, the Ministry of Foreign Affairs was recalling all Iraqi ambassadors for an evaluation of their performance and that as a result, he would be very busy during this period. He has also scheduled travel for meetings at United Nations in New York and in Washington, D.C. after that period End Note.)

14. (S). During the July 30, one-on-one meeting, Amb. Najib reported that Mr. al-Share' had prepared the letter requesting USG assistance, but that the letter was "improperly" drafted. Amb. Najib indicated that the letter identified the GoI as being responsible for packaging and transporting the yellow cake. During the July 31, committee meeting, Dr. al-Atia stated that the element of the letter requiring "reimbursement for all costs" needed more specificity, and that perhaps more internal discussions needed to be held. At this point in the meeting, several simultaneous conversations occurred regarding element of the letter and the level of "assistance" the USG was willing to provide in removing the yellow cake and the four sources. At the end of the discussions, Amb. Najib suggested that the resolution of any such issues could involve the preparation of a "general" letter, the details of which may be subject to negotiation. (Comment: Emboffs have been clear with GoI representatives at all levels that the USG expects full reimbursement for its costs associated with the repackaging and movement of the yellow cake and four high-activity radioactive sources. The reservations expressed at last week's meeting regarding the necessary elements of the letter and the "improper" form of the letter prepared by al-Share' during the July 30 meeting with Amb. Najib suggest more complicated behind-the-scenes discussions. End Comment.)

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15. (S). Energy Attache reiterated that the USG's ability to obligate funds for the repackaging and removal effort was contingent upon obtaining the letter from the GoI and identifying a buyer for the yellow cake.

16. (S). Amb. Najib reported that he had recently sent a letter to the International Atomic Energy Agency (IAEA) requesting a meeting. He said that this letter expressly stated that the committee wanted to discuss safeguards and issues associated with United Nations Security Council resolutions; he wants to be sure that Iraq complies with all applicable resolutions. He also stated his desire that a member of the United States' delegation be present at the meeting. Amb. Najib is insistent on having a meeting with IAEA representatives and has already sent a letter to the IAEA making that request. (Note: During a private conversation with Amb. Najib, he stated that the discrepancies in communications with the Iraqi ambassador in Vienna may be due to the fact that that ambassador was connected to the previous regime. End Note.)

17. (S). As the meeting concluded, al-Share' raised the issue of "missing yellow cake." He stated that between the time that inventory of the yellow cake was conducted and the time IAEA seals had been placed on the doors and windows of the buildings at Site C, approximately 600 kilograms of yellow cake went missing. (Comment: al-Share' stated that approximately 2 to 3 kilograms of yellow cake was "missing" from each barrel. In light of the number of barrels, this clearly would amount to more than 600 kilograms. End Comment). No additional information on this topic was discussed.
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